stagger implementation of the proposed projects due to limited demand supply gap forecasts. Subsequently, the Board of Directors of KRIBHCO has decided to defer the proposed Gorakhpur project, considering project viability and availability of LNG/NG.

(b) As on 4.12.2001, KRIBHCO had an investable surplus of Rs. 1423 crore out of which Rs. 158 crore of subsidy on urea is to be refunded to the Government on account of revision in consumption norms. The proposed Oman India Fertilizer Project in joint venture with IFFCO and Oman Oil Company in Oman, which involve an investment of Rs. 328 crore by KRIBHCO, has already been approved by the Government. The Government has also recently delegated enhanced financial powers to the Board of Directors of KRIBHCO which would enable the society to take quicker investment decisions on proposals that are within its delegated powers.

Recovery of excess subsidy from fertilizer manufacturers

2772. SHRI K.B. KRISHNA MURTHY: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether the fertilizer Industry Coordination Committee (FICC) erroneously made excess reimbursements to fertilizer units under the Retention Price Subsidy Scheme during 1998-99;

(b) whether the FICC had independent means of verifying the bonafides of claims and to cross-check the cost data;

(c) whether it was observed by the Comptroller and Auditor General of India that all the manufacturers had inflated the production throughputs, which were more than the normative capacity fixed for them; and

(d) if so, whether the excess subsidy payments have since been recovered?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SATYA BRATA MOOKHERJEE): (a) to (d) Payment of subsidy to urea manufacturing units is determined unit-wise under the provisions of

Retention Price-cum-Subsidy Scheme (RPS) after allowing the post tax return of 12% on net worth on the basis of approved policy parameters. Based on the cost data duly reconciled with the audited financial accounts and other data/details certified by the practicing Chartered/Cost Accounting, retention prices of urea units are worked out as per laid down principles/parameters approved by the Fertilizer Industry Co-ordination Committee (FICC) and the Government. All the companies, whether in public or private sector, have to maintain their annual accounts that are audited by Chartered Accountants. In the case of public sector companies such accounts are also audited by Comptroller and Auditor General (C&AG). Certification by the Chartered Accountant/Cost Accountant of the company is standard form of checking the accounts submitted by the company. Cost data submitted by the urea units is subject to various checks like notifications giving the details about the increase/decrease and prices of inputs, supporting invoices and applying the general principles of accounting and arithmetical accurancy. Allocation of costs are cross-checked from various sources like annual balance sheet and annual cost data.

The C&AG in their inspection report on the account of Fertilizer Industry Co-ordination Committee for period ending 31.3.2000 has observed on the inordinate delay in making reassessment of capacity utilization of urea manufacturing units.

The Government had appointed a Committee of Experts under the Chairmanship of Dr. Y.K. Alagh in May 2000 to address to the total issue of reassessment of capacity of urea units including the recoveries to be effected from them. The Committee has submitted its report to the Government on 29.3.2001 which is under consideration.

Pending decision of the Government on the report of Alagh Committee, an interim reassessment of capacity of 16 urea units has already been carried out w.e.f. 1.4.2000 resulting in a saving of Rs. 450 crore approximately per annum.